

MAINE LENDER NEWS

December 2008

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FROM THE DISTRICT DIRECTOR: MOE DUBÉ



Fiscal year 2008 was a challenging year for all of us, yet your Maine SBA Office, was able to provide both financial and technical assistance to our small business community. The Maine SBDC, SCORE and the Women's Business Center provided thousands of hours of counseling assistance, seminars and outreach to our entrepreneurs.

The Maine SBA and our Resource Partners were on the ground helping flood victims in Fort Kent, working with the oil dealers, and we played an integral and ongoing role in providing

assistance to our lobster fishing industry.

A "perfect storm" of financial crises has led to a substantial decline in the number of small business loans guaranteed by the SBA during FY 2008. As a result we are holding meetings across the state to better understand how our agency can work with both lenders and small businesses to help them during these difficult economic times.

Our goal is to assure every deserving entrepreneur and small business, needing and deserving of funding, has

access to the capital they need to start and grow their business.

We would like to hear from you, the lenders and the small business owners. You are on the front lines. Who better to let us know how we can improve our programs and services.

Please feel free to contact our office at the address above. Your efforts on behalf of our small business community is very much appreciated.

maurice.dube@sba.gov



SMALL BUSINESS FORUM A SUCCESS IN BETHEL

On October 19th, Senator Olympia Snowe sponsored a Small Business Forum at Sunday River Ski Resort in Bethel. Senator Snowe said "I strongly believe that given the sluggish state of our economy, it is important that we fully equip our small businesses, our nation's true job generators, with the resources and tools necessary to succeed." As Ranking Member of the Senate Committee on Small Business and Entrepreneurship, the committee oversees the Small Business Administration (SBA). "Forums like this provide one-stop shopping for small businesses providing an opportunity to meet with local, state and federal services and

resources that are available to them within their own communities", added Snowe.

The Bethel Chamber of Commerce and Sunday River Ski Resort hosted the event. Sandy Blitz, New England SBA Regional Administrator was the featured speaker. Over seventy participants had the opportunity to hear from or meet with twenty small business service providers. Representatives from several agencies including, the SBA, the Maine Small Business Development Centers, SCORE, the Women's Business Center, U.S. Rural Development, Efficiency

Maine and various local lenders were on hand for the 'small business speed dating' portion of the event.

"I am very glad I attended this event as I was able to make a solid connection with a firm that I would never have met other than at this Forum", said Jack Day of Norway Savings Bank. Lorinda Payton, of ADP Small Business Service, said "This is a wonderful event and I am so glad I attended. It is great that all of the necessary resources I need are here today. I was not aware of the number of people able to help".



Helping small businesses
start, grow and succeed.



Your Small Business Resource

WOMEN ENTREPRENEURS IMPACT THE NATIONS ECONOMY

Women Entrepreneurs are among the fastest growing groups of business owners. The number of women starting and owning businesses increased dramatically over the last few decades. According to the Center for Women's Business Research, women-owned firms are keeping pace with all firms. As of 2008, the Center projects that the 10.1 million women-owned firms, that are 50 percent or more women owned, employ 13 million people and generate early \$2 trillion in annual revenues. These firms represent 40 percent of all firms.

Marilyn Geroux, SBA Assistant District Director, has been named the Women's Business Ownership Representative (WBOR) for Maine. Geroux can be reached at 207-622-8382 or marilyn.geroux@sba.gov.

SBA NAMES TOP LENDERS TO WOMEN BUSINESS OWNERS FOR FISCAL 2008

- # 1 - Bangor Savings
- # 2 - Merrill Merchants
- # 3 - Superior Financial



SBA Spurs Economic Growth in Maine With 470 Loans Totaling \$68.9 Million

A large number of Maine small businesses and entrepreneurs received financing from the U.S. Small Business Administration (SBA) during fiscal year 2008 (from October 1, 2007 through September 30, 2008). Over 450 customers used one or more of SBA's three business loan programs. SBA loans ranged in size from as low as \$500.00 microloans to real estate loans of up to \$2 million.

In 2008, Merrill Merchants Bank was the #1 SBA 7(a) volume lender in Maine. Merrill Merchants made 56 SBA 7(a) loans totaling \$4.5 million. Key Bank N.A. was the highest dollar lender under the 7(a) program for a total of \$8.8 million. Kennebunk Savings Bank was number one in SBA's fixed asset (504) lending program with 12 projects, totaling \$7.5 million.

Granite State Development Corporation was SBA's leading Certified Development Company (Section 504) lending partner in Maine with 47 projects totaling \$14.6 million. Granite State participated in over 80% of Maine's 504 loan projects. Coastal Enterprises Inc. of Wiscasset was the number one lender for microloans providing assistance to 28 small businesses.

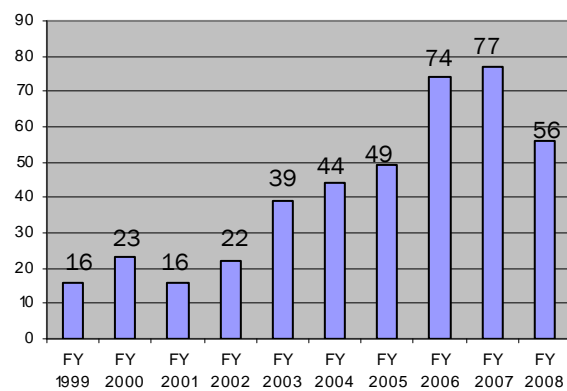


SBA Names Top Lenders to Maine's Military Entrepreneurs For Fiscal 2008

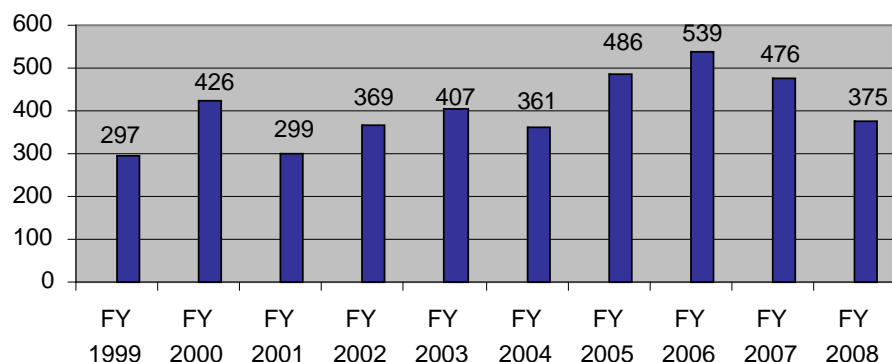
- #1 - Granite State
- #2 - Norway Savings Bank
- #3 - Merrill Merchants Bank

Thanks for supporting our military community.

Number of 504 Loans by Fiscal Year



Number of 7(a) Loans by Fiscal Year



READY TALK TRAINING

The SBA Maine District Office will conduct Web-based lender training as listed below. Training starts at 10:00 a.m. To join us, call 866-740-1260 and log in at www.readytalk.com. The access code for each session is 3017201 and these are the topics for the sessions: For more information, contact Helen Brimigion, Lender Relations Specialist, at (207) 622-8394 or helen.brimigion@sba.gov.

Date	Topic	Host
12/9/08	SBA Express 10 Tab Loan Purchase	Amy Bassett NH District
TBA	CDC Servicing	Helen Brimigion
TBA	E-TRAN System	Helen Brimigion
TBA	SOP 50-10 5	Helen Brimigion

SBA Announces New Ways to Improve Small Businesses Access to Capital

WASHINGTON, DC – In response to the credit crunch, today SBA's Acting Administrator Sandy K. Baruah announced important loan program changes to help the agency's lending partners increase access to capital for small businesses.

First, an interim final rule allowing new SBA loans to be made with an alternative base interest rate, the one month LIBOR rate (London Interbank Offered Rate), in addition to the prime rate, which was previously allowed. In the past 60 days, both the prime and LIBOR rates have not yet returned to their historical relationship—of roughly 300 basis points between the two rates. The mismatch between the rates is squeezing SBA lenders out of the lending market, since their costs are based on the LIBOR rate.

"This change will help more small businesses obtain capital to grow their businesses and create new jobs," Baruah said. "By allowing both rates, SBA is making its programs more flexible, increasing opportunities to access capital and giving both lending partners and small business customers more options to meet their needs."

The second change allows a new structure for assembling SBA loans into pools for sale in the secondary market. The enhanced flexibility in loan pool structures can help affect profitability and liquidity in the secondary market for SBA guaranteed loans, especially with the current market conditions. Because the average interest rate is used, these pools are easier for pool assemblers to create, thus providing incentives for more investors to bid on these loans.

"The challenge small businesses face today is not the cost of capital, it is access to capital," said Baruah. "Interest rates are at historically low levels meaning money is inexpensive, yet lenders aren't lending and borrowers aren't borrowing. This indicates markets are frozen due to liquidity concerns. This interim final rule is an important step to reenergize the lenders to make SBA-backed loans and will help open the gateway of capital for entrepreneurs."

By addressing market issues that were impeding the funding streams for both lenders and small businesses, SBA is making capital more available to America's small businesses. The SBA will be issuing additional technical guidance to lenders in the coming weeks relating to the implementation of these important changes.

For more information on the interim final rule or to share your comments, visit www.regulations.gov. To learn more about SBA's guaranteed loan programs visit www.sba.gov.

ASSISTANCE TO MAINE'S LOBSTER FISHING INDUSTRY

Lobster prices have sunk to the levels of the 1980's as the global economy has stifled demand, along with the increased prices of fuel and bait, have all contributed to the current economic problems facing the lobster fishing industry.

As members of the Maine DECD — Economic Development Team Financing Group, SBA and FAME have been pursuing various options to assist the lobster industry in conjunction with the financial community. The consensus appears to be that fishermen do not want to borrow new money, but need relief from their current financial circumstances. A conference call was held on October 27 with approximately 13 Maine lending institutions and representation from DECD, Maine SBDC, USDA, SCORE, CEI and EMDC. The purpose of the call was to listen to lenders needs and discuss various options available from FAME, SBA, and USDA for dealing with the current situation. In addition to the conference call, SBA and FAME were on-site for each of the scheduled Lobster Zone Council meetings in October and November.

Other State and Federal agencies are working on issues to assist the lobster fishing industry ranging from marketing support to promotion of investment in domestic lobster processing plants.

For more information contact the Maine District Office of SBA at (207) 622-8274 or the Finance Authority of Maine at (207) 623-3263.

Small Business Regulatory Review and Reform Initiative

What is r3? - The Office of Advocacy's Regulatory Review and Reform Initiative, or r3, is designed to identify and address existing federal regulations that should be revised because they are ineffective, duplicative, or out of date. r3 is a tool for small business stakeholders to suggest needed reforms. r3 includes the process under Section 610 of the Regulatory Flexibility Act for agencies to consider whether their current regulations are still needed, and the degree to which technology, economic conditions, or other factors have changed since their rules were first promulgated. r3 also includes a process by which interested stakeholders can nominate existing regulations for reform, and monitor the progress that agencies make toward achieving those reforms.

What is the objective of the r3 program? - The r3 program is intended to help small businesses address the cumulative Federal regulatory burden, which is now estimated to exceed \$1.1 trillion. Through the r3 program, we believe federal agencies will do a better job of identifying and revising rules that need to be reformed.

How does the r3 program work? - The r3 program has three distinct components: (1) providing tools that will improve federal agencies' compliance with Section 610 of the RFA, leading to a better understanding of the impact of their current regulations on small entities, and (2) developing a process for small business stakeholders to identify current rules that are outdated or ineffective and recommend targeted reforms, and (3) posting the recommended reforms on Advocacy's website and updating the status of reforms twice a year.

What is the process for small business stakeholders to identify rules as candidates for reform? - Stakeholders who are interested in recommending reform of a current rule or regulatory program should provide the Office of Advocacy with a description of the current rule and the reasons why the rule or program should be reformed. Stakeholders also need to describe their recommended reform. After Advocacy receives and reviews a recommendation for reform, Advocacy staff will work with the stakeholder to develop sufficient information to move forward. Recommendations for reform are due by December 31, 2008.

Contact - To suggest reviews and reforms, please call Keith Holman at the Office of Advocacy, 202-205-6936 or email at advocacy@sba.gov.

DID YOU KNOW

- **That you can access previously recorded ReadyTalk webinars:**

For playback of ReadyTalk session held on 11/5/08 regarding Intensive Servicing with Little Rock Servicing Center, click on the following link: <https://cc.readytalk.com/play?id=8a1afqgn>

For playback of ReadyTalk session held on 11/12/08 regarding Exporting programs with the U.S. Export Assistance Center, click on the following link: <https://cc.readytalk.com/play?id=0stpd9d9>

- **That SBA issued Information Notice 5000-1077** to its field staff and lending partners re-emphasizing certain critical SBA loan policy tenets. SBA issued this notice to encourage its participating lenders to not call broad segments of their SBA loan portfolios based only on changing financial factors or variables unrelated to the operation of the business, such as changes in personal credit scores. This also applies to marginal changes in financial or operating factors (such as financial or operating ratios) related to the condition or operation of the business, particularly if those factors or conditions have not been specified in writing and accepted by the borrower at loan closing. To review the notice in its entirety click on the following link and then click on Notice 5000-1077:

http://www.sba.gov/aboutsba/sbaprograms/elending/notices/BANK_FY_09_NOTICES.html

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